THE MADRAS LEGISLATIVE ASSEMBLY.

Friday, 7th May 1954.

The House met in the Assembly Chamber, Government Estate, Mount Road, at eight of the clock, Mr. Speaker (THE HON. SRI J. SIVASHANMUGAM PILLAI) in the Chair.

I.—QUESTIONS AND ANSWERS.

STARRED QUESTIONS.

Starred question postponed from the list for 6th May 1954.

Embezzlement of the funds of the Triplicane Urban Co-operative Society.

* 535 *Q.*—SRI P. RANGASWAMI REDDIAR: Will the Hon. the Minister for Health be pleased to state—

(*a*) whether during the audit of the accounts of the Triplicane Urban Co-operative Society in 1951 it was discovered that accounts showing sales of about Rs. 77 lakhs worth of goods were not properly maintained;

(*b*) whether any investigation was ordered by the Government to find out the persons responsible for the abovesaid act and for the embezzlement of the society's funds; and

(*c*) whether any action was taken against the persons concerned and, if so, the result thereof?

THE HON. SRI A. B. SHETTY :—" (*a*) The audit of the accounts of the Triplicane Urban Co-operative Society for the half year ended 30th June 1951 revealed that no proper accounts were maintained in respect of sale of ration goods valued at Rs. 6,29,057 out of the total sales of Rs. 76,08,785 for the half year.

" (*b*) No investigation was ordered by Government but the Triplicane Urban Co-operative Society itself caused a complete check of the accounts by employing a special staff as a result of which 61 cases of short remittance regarding sale of rationed articles were noticed.

" (*c*) A statement[a] showing the names of persons concerned and the action taken against them is laid on the table of the House."

SRI P. RANGASWAMI REDDIAR :—" May I know whether the accounts relating to these 76 lakhs of rupees were not at all maintained or whether they were wilfully suppressed? "

THE HON. SRI A. B. SHETTY :—" The audit for the half-year ended 30th June 1951 detected certain cases of variations between the bill amounts as collected from the parties with reference to the sale chits issued to them and the amounts

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[a] **Printed as Appendix I on pages 283–287 infra.**

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remitted to the T.U.C.S. The T.U.C.S. instituted a complete check of the bills issued to the consumers with reference to the 'C' Register from 1st January to 20th March 1951 and a short remittance of Rs. 8,032–5–6 by accountants came to light. This amount has been recovered except for a sum of Rs. 378."

SRI V. BALAKRISHNAN :—" Is it a fact that a section of the Bombay Press made very serious allegations against the Directors of the T.U.C.S. and did the Government ask the Directors to vindicate their conduct in a court of law?"

THE HON. SRI A. B. SHETTY :—" I have no information."

SRI P. RANGASWAMI REDDIAR :—" Is the Hon. Minister aware of the remark made by the auditor in his report that accounts were not produced for 76 lakhs of rupees worth of turnover?"

THE HON. SRI A. B. SHETTY :—" The T.U.C.S. was not able to produce certain ration bills and connected registers to the auditors for test-check for certain periods, and hence the short remittance in respect of them could not be exactly ascertained. When the auditor issued summons to the Secretary, the latter made a search for them and reported that he could not produce them as they were not available and that they might have been sold with other old records. The Registrar of Co-operative Societies was satisfied about the bona fides of the statement made by the Secretary in the matter."

SRI S. SWAYAMPRAKASAM :—" This is not the first time the attention of the Government has been drawn to the defects in the affairs of the T.U.C.S. Previous to this also, the attention of the Government has been drawn to the defects and to the news appearing in certain Bombay papers. The former Minister in charge of Co-operation was aware of them and he was ready to reply. We cannot understand why the Minister in charge of the subject now should say that he is not aware. What is the method adopted by the Government in such matters?"

THE HON. SRI A. B. SHETTY :—" I have got only information with reference to the question asked. I cannot give information on the entire subject."

SRI K. VINAYAKAM :—" Is the Hon. Minister aware that there was defalcation and embezzlement of funds in the same society during the year succeeding the year under reference? If things continue like this without the Government taking proper action against those who are responsible for the mismanagement, is the Minister convinced that the co-operative movement will progress in our State?"

THE HON. SRI A. B. SHETTY :—" Government have tried to control. They have employed special staff for supervision as well as audit work. There is departmental audit since 1951."

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Sri M. KALYANASUNDRAM :—" In view of the allegations made against the management of the Society, may I know whether the Government will be prepared to institute a thorough public enquiry in the matter and find out the actual state of affairs? "

The Hon. Sri A. B. SHETTY :—" The Society itself has made an enquiry. So many persons have been punished; some have been dismissed and in many cases increments have been stopped."

Sri M. KALYANASUNDRAM :—" The accused himself cannot sit in judgment over his conduct. What I suggest is an enquiry by the Government."

The Hon. Sri A. B. SHETTY :—" I do not think it is necessary in view of the steps already taken in the matter."

Sri S. RAMALINGAM :—" The Hon. Minister was pleased to say that some officers had been appointed after the enquiry was completed and assured that the Society would function properly. I want to know from the Minister whether any officers were appointed before the misappropriation took place and, if so, what the officers were doing then."

The Hon. Sri A. B. SHETTY :—" This was detected only after the departmental audit was introduced."

Sri C. RAJAM RAMASAMI :—" Are the Government aware that a wholesale replacement of Directors took place recently, and that there is a complete transformation in the management of the Society and that there is nothing to grumble about the working of the Society now? "

The Hon. Sri A. B. SHETTY :—" May be."

Sri S. DEIVASIGAMANY :—" Is it not usual for the Government to institute an enquiry by the Police or the Criminal Intelligence Department in cases of falsification of accounts and embezzlement of funds? "

The Hon. Sri A. B. SHETTY :—" Complaints have been filed and in four cases they were admitted."

Sri V. BALAKRISHNAN :—" Will the Hon. Minister make the enquiry impartial by appointing an officer not connected with the Co-operative Department to make the enquiry? "

The Hon. Sri A. B. SHETTY :—" If it is found necessary, it will be considered."

Sri P. RANGASWAMI REDDIAR :—" Perhaps the hon. Gentleman Sri Rajam Ramasami is not aware that the Society did not elect its new Directors of its own accord. The Government compelled them to hold re-election recently. Now will the Hon. Minister be pleased to state whether its accounts were audited by Government auditors or private auditors? " 8-10 a.m.

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THE HON. SRI A. B. SHETTY :—" They were audited by departmental auditors."

DR. K. B. MENON :—" Since this defalcation is only a symptom of a general disease, will the Government consider the question of setting up an official committee to go into the whole question of defalcations in co-operative societies? "

MR. SPEAKER :—" The hon. Member Sri M. Kalyanasundaram put the same question. Now, we shall take up the next two questions put by the hon. Members Sri M. Kalyanasundaram and Sri K. P. Gopalan."

Opening of fire by French Police on the Mahe border in Malabar.

* 642 *Q.*—SRI M. KALYANASUNDRAM : Will the Hon. the Minister for Finance be pleased to state—

(*a*) whether it is a fact that two citizens of our State were shot dead by the French Indian Police in the border area of Mahe during April 1954 ; and

(*b*) if so, whether the Government have made any enquiries into this incident and the results thereof?

* 643 *Q.*—SRI K. P. GOPALAN : Will the Hon. the Minister for Finance be pleased to state—

(*a*) whether it is a fact that the French police opened fire on the Mahe border in Malabar on 26th April 1954, resulting in the death of two Indian nationals and injuries to several others; and

(*b*) if so, whether the Government have made any enquiry into the matter?

THE HON. SRI C. SUBRAMANIAM :—" (*a*) This Government are aware of the incident referred to by the hon. Member.

" (*b*) The matter has been brought to the notice of the Government of India, Ministry of External Affairs, New Delhi. The Government of India have also addressed the Embassy of France in India, at New Delhi, expressing their grave concern about the death of and injuries caused to the Indian nationals at the hands of the French Police. They have called for immediate enquiries in the matter and have requested stringent action to be taken against the French Indian Police officers concerned. They have also stressed the need for the payment of compensation to the heirs of the deceased."

SRI M. KALYANASUNDRAM:—" நமது இந்தியப் பிரஜைகளைச் சுட்ட போலீஸ்காரர்களையும், இந்தத் துப்பாக்கிப் பிரயோகத்திற்குக் காரணமாக இருந்த மற்ற அதிகாரிகளையும், இந்திய சர்க்காரின் சட்டப்படி விசாரிப்பதற்கு பிரஞ்சு சர்க்கார் கேஸை டிரான்ஸ்பர் செய்வார்களா ? "